Treasury Oversight Committee

Regular Meeting
(Rescheduled from April 15, 2005)

DATE: Thursday, April 7, 2005
TIME: 9:00 AM
PLACE: Room 316, City Hall
1 Dr. Carlton B. Goodlett Place

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AGENDA

1. Call to Order by Ed Harrington, Chairman and Controller

2. Roll Call:

   Dr. Philip R. Day, Jr.
   Leo Fermin
   Edward Harrington
   Richard Sullivan

3. Approval of the Minutes of the April 16, 2004 Meeting

4. Review of Treasurer's Recent Investment Performance – Jose Cisneros and Dan Daly

5. California Debt and Investment Advisory Commission Letter – Dan Daly

6. Public Comment

7. Adjournment

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TREASURY OVERSIGHT COMMITTEE

Minutes
Regular Meeting
Thursday, April 7, 2005
(Rescheduled from April 15, 2005)
City Hall, Room 316

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1. Call to Order

Mr. Harrington, Chair, called the meeting to order at 9:04 a.m.

2. Roll Call

Dr. Philip R. Day, Jr. Chancellor, S.F. Community College District
Leo Fermin, Deputy Airport Director, Business & Finance – Absent
Ed Harrington, Controller
Richard Sullivan, Member of the Public

Mr. Harrington conducted roll call and noted that there was a quorum.

Also in attendance were:

José Cisneros, Treasurer
Dan Daly, Chief Investment Officer
Joseph Grazioli, Chief Finance Officer, S.F. Unified School District
Pauline Marx, Chief Assistant Treasurer
Thomas Owen, Deputy City Attorney
Janet Tolenada, Cash Manager, Investment Division
Amy Wang, Investment Principal Clerk

3. Approval of the Minutes

The minutes of the April 16, 2004 meeting were approved.

4. Review of the Treasurer's Recent Investment Performance – José Cisneros and Dan Daly

The portfolio performance was slightly better then the peer group which includes the State of California, Los Angeles County, Sacramento County and San Diego County. The portfolio was balanced with 25% in Treasuries, 39% in U.S. Government Agencies, and the remaining funds are in a miscellaneous mixture of Commercial Paper and Negotiable Certificates of Deposit (*all with major U.S Banks - no other private sector exposure*). We have a positive cash flow for the next 18 months with the surplus (zero reinvestment of principal) of $1.1 billion at the end of the 18th month (Oct 06).

5. California Debt and Investment Advisory Commission Letter – Dan Daly

Dan Daly reported that the California Debt Advisory requested a copy of the portfolio for the quarter. The Treasurer's Office had mailed it but it was lost in transit. New data has been delivered.

Mr. Cisneros will nominate and recommend Joe Grazioli to the Board of Supervisors for a seat on the Treasury Oversight Committee.

6. Public Comment

There was no public comment.

7. Adjournment

The meeting was adjourned at 9:30 a.m.

AGENDA

Treasury Oversight Committee
October 21, 2005, 10:00 a.m.
Room 316, 3rd Floor, City Hall

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Committee Members
Ed Harrington, Chair
Philip R. Day, Jr.
Joe Grazioli
Richard Sullivan

1. **Call to Order and Roll Call.**

2. **Election of Chair.**

3. **Discussion and Possible Action to Approve Minutes.**
   Discussion and possible action relating to the approval of the minutes of April 7, 2005.

4. **Review of the Treasurer's Recent Investment Performance.**
   Report by Chief Investment Officer on the City's investment performance.

5. **Discussion of Investment Policy.**
   This item allows for discussion and possible action related to proposed changes to the City's Investment Policy, including the addition of socially responsible language and modifications derived from the Association of Public Treasurers of the United States and Canada model investment policy.

6. **Discussion of Annual Audit.**
   Discussion and possible action related to the annual audit to be conducted pursuant to Section 10.80-2 of the San Francisco Administrative Code.

7. **General Public Comment.**
   An opportunity for members of the public to comment generally on matters within the Committee's purview.

8. **Adjournment.**

Committee staff and members can be reached at 415-554-7500.

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Posted: 10/16/05

TREASURY OVERSIGHT COMMITTEE
MINUTES
Regular Meeting
Thursday, October 21, 2005
10:00 a.m. - City Hall, Room 316

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1. Call to Order and Roll Call

Mr. Harrington, Chair, called the meeting to order at 10:10 a.m. All members present.

2. Election of Chair

MOTION
Mr. Day moved for nomination of Mr. Harrington as the Chair of the Treasury Oversight Committee. Motion passed unanimously.

3. Approval of the Minutes

The minutes of the April 7, 2005 meeting were unanimously approved.

4. Review of the Treasurer's Recent Investment Performance

Mr. Dan Daly, Chief Investment Officer, Office of the Treasurer & Tax Collector, gave a brief overview of the history of the Treasury Oversight Committee and of the responsibilities of the members. He then presented a nine-year fiscal year comparison with California peer groups, which includes the State of California, Los Angeles, Sacramento and San Diego Counties. He indicated that the yield for 2004-2005 was one of the best at 2.28%. For the year January 2005 to September 2005, San Francisco ranked first at 3.5%. It was asked that for the next meeting the Treasurer's office conduct research on what other comparable major U.S. cities are doing with their portfolios and report back to the Committee.

Mr. Daly noted that of the pooled funds, approximately $130 million is dedicated for Park and Recreation, Steinhart Aquarium, Laguna Honda Hospital, and MUNI. He noted that the pool is well-balanced and indicated that all commercial paper is currently with banks. The unrealized gain is over $3.2 million.

No Public Comment.

5. Discussion of Investment Policy

Mr. David Augustine, Policy and Legislative Manager, Office of the Treasurer & Tax Collector, briefly discussed changes and modifications to the City and County of San Francisco's Investment Policy. The format of the Policy has changed to a numbered system, making it easier to read and understand. There are additions in the Policy related to socially responsible investment language as well as the addition of provisions from the Association of

Public Treasurers Model Investment Policy, including a *Policy* (mission of the investment policy), *Scope*, and *Prudence* (State law – Prudent Investor Rule) (Sections 1-3).

- Sections 4, 5, 6, 7, 8, 10, 11 and 12 (with a change in the reporting requirement) are the same as the previous version.
- Section 9 "*Safekeeping and Custody*" is from the model policy and has been added.
- Section 13 "*Social Responsibility*" has been added as a new section. Mr. Augustine indicated that we are in compliance with our State law obligations of Safety, Liquidity and Yield. A fourth criteria, that of Socially Responsible Investments, has been incorporated as well.

There was discussion regarding language in section 13.3 "*City Ordinances*", which will be revised to read:

> *"All depository institutions are to be advised of applicable City contracting ordinances, and shall certify their compliance therewith, if required."*

No public comment.

MOTION
Mr. Day moved that the Investment Policy be approved as amended. Motion passed unanimously.

6. Discussion of Annual Audit

Ms. Pauline Marx, Chief Assistant Treasurer, Office of the Treasurer & Tax Collector, stated that a responsibility of the Treasury Oversight Committee, per Investment Policy Section 14.0, is to "Cause an annual audit to be conducted to determine the Treasurer's compliance with California Government Code Article 6 including Sections 27130 through 27137 and City Administrative Code Sections 10.80-1…"

There was discussion as to whether the Committee wanted the Controller's office or an outside entity to conduct the audit. It was concluded that the Controller's office would conduct the audit with review by outside auditors.

There was no public comment.

MOTION
Mr. Grazioli moved that the Controller's office conduct the appropriate audit of the Treasury Oversight Committee as per the City and County of San Francisco Investment Policy, Section 14.0, with review by outside auditors. Motion passed unanimously.

7. Adjournment

The meeting was adjourned at 10:20 a.m.

AGENDA
Treasury Oversight Committee
February 3, 2006, 10:00 a.m.
Room 316, 3th Floor, City Hall

Committee Members
Ed Harrington, Chair
Philip R. Day, Jr.
Joe Grazioli
Scott MacDonald
Richard Sullivan

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1) **Call to Order and Roll Call**

2) **Discussion and Possible Action to Approve Minutes**
Discussion and possible action relating to the approval of the minutes of October 21, 2005.

3) **Review of the Treasurer's Recent Investment Performance**
Report by Chief Investment Officer on the City's investment performance.

4) **Social Responsible Investing**
Report by Treasury & Tax Collector on the Social Responsible Investing filters and the progress that has been made to date.

5) **General Public Comment**
An opportunity for members of the public to comment generally on matters within the Committee's purview.

6) **Adjournment**

Committee staff and members can be reached at 415-554-7500.

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Posted: 01/31/06

TREASURY OVERSIGHT COMMITTEE
MINUTES
Regular Meeting
Friday, February 3, 2006
10:00 a.m. - City Hall, Room 316

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1. Call to Order and Roll Call

Mr. Harrington, Chair, called the meeting to order at 10:05 a.m. Philip R. Day, Jr., absent. All other members present.

2. Discussion and Possible Action to Approve Minutes

The minutes of the October 21, 2005 meeting were unanimously approved.

3. Review of the Treasurer's Recent Investment Performance

Mr. Dan Daly, Chief Investment Officer, Office of the Treasurer & Tax Collector reviewed the Treasurer's recent investment performance. He presented a graph prepared by Sacramento County, which shows a December 2005 comparison of peer counties pooled investment funds and LAIF 12-Month yield performance. This graph indicates that San Francisco's strategy and earned interest yield, when compared to peers, has been correct.

Mr. Daly briefly discussed the pooled funds and indicated in January 2006 there was an unrealized (paper) loss of $20,530, due to several factors including the increase of interest rates, which he anticipates will stabilize in the near future. Mr. Daly briefly reviewed the portfolio structure as of January 31, 2006, investment maturity distribution and monthly duration comparison.

Mr. Daly indicated that we are heading into a "Bear Market" which will affect yield. He noted that the February 2006 forecast would result in an increase of Fed Funds, increased volatility, inverted yield curve, and unknown geopolitical events.

Mr. Daly noted that the City and County of San Francisco's cash flow projection from April 2004 to September 2005 shows a surplus of $5,077,000,000.

No Public Comment.

4. Social Responsible Investing

Mr. David Augustine, Policy and Legislative Manager, Office of the Treasurer & Tax Collector, briefly discussed the Treasurer's Office Social Screening Criteria (as of February 2006). Criteria were developed in conjunction with a hired consultant and with the City's Investment Policy in mind. Criteria include: Board Diversity; Environment; Firearms; Burma; Labor; Northern Ireland; Tobacco; Nuclear Weapons; Predatory Lending; and Payday Lending.

He noted that several of the criteria involve fairly simple (yes/no) determinations of compliance. However, the more difficult issues are Payday Lending (a methodology to determine banking ties to payday lending industries is being developed), Predatory Lending, and Environment. They are discussing the possibility of modifying the categories to make them more stringent. At the next meeting he will provide revised criteria base on additional research and continued discussions with the consultant. Mr. Augustine discussed the need to communicate the criteria with banks so they understand that the intent is not to penalize, but rather change behavior for certain institutions.

Mr. Augustine distributed an update of the City and County of San Francisco's Investment Policy as of October 2005, which includes changes as requested at the last Treasury Oversight Committee meeting.

No public comment.

5. Adjournment

The meeting was adjourned at 10:45 a.m.

AGENDA
Treasury Oversight Committee
May 26, 2006, 10:00 a.m.
Room 316, 3th Floor, City Hall

Committee Members
Ed Harrington, Chair
Philip R. Day, Jr.
Joe Grazioli
Scott MacDonald
Richard Sullivan

1) **Call to Order and Roll Call**

2) **Discussion and Possible Action to Approve Minutes**
Discussion and possible action relating to the approval of the minutes of February 3, 2006.

3) **Review of the Treasurer's Recent Investment Performance**
Report by Chief Investment Officer on the City's investment performance.

4) **Social Responsible Investing**
Report by Treasury & Tax Collector on the Social Responsible Investing filters and the progress that has been made to date.

5) **General Public Comment**
An opportunity for members of the public to comment generally on matters within the Committee's purview.

6) **Adjournment**

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Posted: 05/23/06

TREASURY OVERSIGHT COMMITTEE
MINUTES
Friday, May 26, 2006
10:00 a.m. - City Hall, Room 316

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1. Call to Order and Roll Call

Mr. Harrington, Chair, called the meeting to order at 10:00. All members were present.

2. Discussion and Possible Action to Approve Minutes

The minutes of the February 3, 2006 meeting were unanimously approved.

3. Review of the Treasurer's Recent Investment Performance

Mr. Dan Daly, Chief Investment Officer, Office of the Treasurer and Tax Collector, reviewed the Treasurer's recent investment performance. Mr. Daly briefly discussed pooled fund performance for FY 2004-05 and FY 2005-06. Mr. Daly also reviewed the pooled fund allocation as of May 17th and noted changes as compared to the allocation as of January 31, 2006.

Mr. Daly presented a graph prepared by Sacramento County, which shows an April 2006 comparison of peer counties pooled investment funds and LAIF 12-Month yield performance. This graph indicates that San Francisco's investment strategy when compared to peers has been correct.

Mr. Harrington provided an update to the GASB 45 requirements and brief discussion of those requirements ensued.

Mr. Daly noted that the City and County of San Francisco's cash flow projection from June 2006 to November 2007 shows a projected surplus of $4,944,000,000.

No Public Comment.

4. Social Responsible Investing

Mr. David Augustine, Policy and Legislative Manager, Office of the Treasurer & Tax Collector, briefly discussed changes in the Treasurer's Office Social Screening Criteria (as of March 2006). A Discrimination criteria was added to the filter based, and includes two restrictions: (1) allowing restrictions if a company does not provide health or medical benefits to domestic partners of gay and lesbian employees; and (2) allowing restrictions if a company does not have a written equal employment opportunity statement that bans discrimination based on sexual orientation.

These additions bring the list of screening criteria to 12 (Board Diversity, Environment, Firearms, Burma, Labor, Northern Ireland, Tobacco, Nuclear Weapons, Predatory Lending, Payday Lending, and Discrimination (2)).

He noted that there are 12-15 institutions that are being screened, including institutions that we currently invest with and those that we may invest with. He stated that most of the institutions are passing with fairly high marks; most with all 12 criteria satisfied and only two with 11 criteria satisfied (both lacking in Environment category).

No Public Comment.

5. General Public Comment

No public comment.

6. Adjournment

The meeting was adjourned at 10:50 a.m.

AGENDA
Treasury Oversight Committee
November 3, 2006, 10:00 a.m.
Room 316, 3th Floor, City Hall

Committee Members
Ed Harrington, Chair
Philip R. Day, Jr.
Joe Grazioli
Scott MacDonald
Richard Sullivan

1) **Call to Order and Roll Call**

2) **Discussion and Possible Action to Approve Minutes**
Discussion and possible action relating to the approval of the minutes of May 26, 2006

3) **Review of the Treasurer's Recent Investment Performance**
Review Treasures recent Investment Portfolio Performance

4) **Annual Review of Investment Policy**
Review will include discussion and possible modification of the policy within the asset class of Negotiable Certificates of Deposit by limiting the maximum at one year

5) **Discussion of Annual Audit**
Discussion and possible action related to the annual audit

6) **Social Responsible Investing**
Report by Treasury & Tax Collector on the Social Responsible Investing

7) **General Public Comment**
An opportunity for members of the public to comment generally on matters within the Committee's purview

8) **Adjournment**

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Posted: 10-31-06

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TREASURY OVERSIGHT COMMITTEE
MINUTES
Friday, November 3, 2006
10:00 a.m. - City Hall, Room 316

1. Call to Order and Roll Call

Mr. Harrington, Chair, called the meeting to order at 10:06. All members present.

2. Discussion and Possible Action to Approve Minutes

The minutes of May 26, 2006 were unanimously approved.

3. Review of the Treasurer's Recent Investment Performance

Mr. Dan Daly, Chief Investment Officer, Office of the Treasurer and Tax Collector reviewed the Treasurer's recent investment performance. Mr. Daly discussed the major foreign holders of treasury securities, noting that 44 percent of U.S. debt is owned by foreign holders. He briefly discussed how this affects interest rates.

Mr. Daly presented a 10-year analysis showing the annual yield in comparison to our peer group, as well as a 10 year duration comparison (weighted average maturity), which demonstrates that we are managing our portfolio very well.

Mr. Daly also offered a graph which shows a comparison of peer counties pooled investment funds and LAIF from July 2005 through September 2006. This graph continues to indicate that San Francisco's investment strategy when compared to peers has been correct. Mr. Daly briefly talked to the Committee about public time deposits, historical yield curve, pooled funds (FY 2006-07 and FY 05-06), investment maturity distribution, interest and investment income comparison and pooled equity positions.

Mr. Daly indicated that the City and County of San Francisco's cash flow projection from November 2006 to April 2008 shows a projected surplus of $6,232,000,000.

No Public Comment.

4. Annual Review of Investment Policy

Mr. David Augustine, Policy and Legislative Manager, Office of the Treasurer and Tax Collector, updated the Committee on the Treasurer's Office Investment Policy. After discussion, it was noted that no changes needed to be made to the Policy as related to Negotiable Certificates of Deposit.

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5. Discussion of Annual Audit

Ms. Marx stated that a duty of the Committee is to cause an audit to be conducted to determine the Treasurer's compliance with City and County Code requirements and California law and asked for a motion for that audit to be conducted. The audit may be conducted by the Controller's Office or an outside auditor.

After discussion, it was moved and unanimously passed that the Committee cause an audit to be conducted to determine the Treasurer's compliance with City and County Code requirements and California law and asked that the audit be conducted by the Controller's Office.

6. Social Responsible Investing

Mr. David Augustine, Policy and Legislative Manager, Office of the Treasurer and Tax Collector updated the Committee on the Socially Responsible Investment ratings. He noted they rate approximately 14 institutions on the following categories: board diversity, environment, firearms, Burma, labor, Northern Ireland, tobacco, nuclear weapons, payday lending, predatory lending, and discrimination.

Mr. Augustine stated the institutions passed in all categories except for one - payday lending. He indicated that three banks, Wells Fargo, Bank of America and U.S. Bank do not offer payday loans, check cashing services, nor do they run pawn shops. However, they offer letters of credit to payday lenders. The Treasurer's office has hired a research company to look into the scope of lending provided by these three institutions to payday lenders. They intend to discuss their findings with the banks to confirm or deny the findings.
After discussion, the Committee asked that Wachovia be added to the ratings list.

No Public Comment.

7. General Public Comment

No public comment.

8. Adjournment

The meeting was adjourned at 11:08 a.m.

AGENDA
Treasury Oversight Committee
June 1, 2007, 10:00 a.m.
Room 316, 3th Floor, City Hall

Committee Members
Ed Harrington, Chair
Philip R. Day, Jr.
Joe Grazioli
Scott MacDonald
Richard Sullivan

1) **Call to Order and Roll Call**

2) **Discussion and Possible Action to Approve Minutes**
Discussion and possible action relating to the approval of the minutes of November 3, 2006

3) **Review of the Treasurer's Recent Investment Performance**
Review Treasures recent Investment Portfolio Performance

4) **General Public Comment**
An opportunity for members of the public to comment generally on matters within the Committee's purview

5) **Adjournment**

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Committee staff and members can be reached at 415-554-7500.

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Posted: 05-29-07

CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ed Harrington
Controller

Monique Zmuda
Deputy Controller

NOTICE OF POSTPONEMENT

F
76
#1
7/20/07
Controller

The regular meeting of the
Treasury Oversight Committee
Scheduled for July 20, 2007 has
been postponed.

The meeting has been rescheduled
for September 28, 2007
10:00 a.m.
City Hall
Room 316

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Please contact Donna Hood at 415-554-7500 for additional information.

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AGENDA
Treasury Oversight Committee
September 28, 2007, 10:00 a.m.
Room 316, 3th Floor, City Hall

Committee Members
Ed Harrington, Chair
Philip R. Day, Jr.
Joe Grazioli
Scott MacDonald
Richard Sullivan

1) **Call to Order and Roll Call**

2) **Discussion and Possible Action to Approve Minutes**
Discussion and possible action relating to the approval of the minutes of June 1, 2007

3) **Review of the Treasurer's Recent Investment Performance**
Review Treasures recent Investment Portfolio Performance

4) **Annual Review of Investment Policy**
Review will include discussion and possible modification of the policy

5) **Discussion of Annual Audit**
Discussion and possible action related to the annual audit

6) **General Public Comment**
An opportunity for members of the public to comment generally on matters within the Committee's purview

7) **Adjournment**

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Posted: 09-25-07

TREASURY OVERSIGHT COMMITTEE
MINUTES
Friday, September 28, 2007
10:00 a.m. - City Hall, Room 316

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1. Call to Order and Roll Call

Mr. Harrington, Chair, called the meeting to order at 10:12. Mr. Richard Sullivan was excused; all others present.

2. Discussion and Possible Action to Approve Minutes

The minutes of June 1, 2007 were unanimously approved.

3. Review of the Treasurer's Recent Investment Performance

Mr. Dan Daly, Chief Investment Officer, Office of the Treasurer and Tax Collector reviewed the Treasurer's recent investment performance and the City's asset allocation. Mr. Daly noted that the Treasurer's earned income yield for September is at 5.37 percent.

Mr. Daly indicated that the City and County of San Francisco's cash flow projection from October 2007 to March 2009 shows a projected surplus of $5,972,000,000.

Ms. Pauline Marx, Chief Deputy Treasurer, distributed information regarding the City's Investment Pool Participants at June 30, 2007. Brief discussion regarding the data ensued.

No Public Comment.

4. Annual Review of Investment Policy

Ms. Pauline Marx, provided the Committee with an update of the City and County of San Francisco's Investment Policy, dated September 2007, for their review. She noted some wording changes to the Policy on page two, Section 6.0 – Authorized Broker/Dealer Firms; and page five, Section 7.14 – Investments in Local Government Agencies.

Mr. Day moved that the updated September 2007 City and County of San Francisco's Investment Policy be adopted. Mr. Grazioli seconded, motion passed unanimously.

5. Discussion of Annual Audit

Mr. Harrington noted that a responsibility of the Treasury Oversight Committee, per Investment Policy Section 14.0, is to "Cause an annual audit to be conducted to determine the Treasurer's compliance with California Government Code Article 6 including Sections 27130 through 27137 and City Administrative Code Sections 10.80.1…"

Ms. Harriet Richardson, Controller's office Audit Manager, discussed the audit process, and noted that either the Controller's office or an outside audit firm may conduct the annual audit. After discussion, the Committee agreed that Macias, Gini and O'Connell, will conduct the annual audit, along with quarterly reviews.

6. General Public Comment

No public comment.

7. Adjournment

The meeting was adjourned at 11:17 a.m.

AGENDA
Treasury Oversight Committee
January 18, 2008, 11:00 a.m.
Room 316, 3th Floor, City Hall

Committee Members
Ed Harrington, Chair
Philip R. Day, Jr.
Joe Grazioli
Scott MacDonald
Richard Sullivan

1) **Call to Order and Roll Call**

2) **Introduction of New Chief Investment Officer**
Introduction of Mr. Newlin Rankin, new Chief Investment Officer for the Treasurer's Office.

3) **Discussion and Possible Action to Approve Minutes**
Discussion and possible action relating to the approval of the minutes of September 28, 2007.

4) **Review of the Treasurer's Recent Investment Performance**
Review Treasures recent Investment Portfolio Performance

5) **General Public Comment**
An opportunity for members of the public to comment generally on matters within the Committee's purview

6) **Adjournment**

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Posted: 01-15-08

TREASURY OVERSIGHT COMMITTEE
MINUTES
Friday, January 18, 2008
11:00 a.m. - City Hall, Room 316

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1. Call to Order and Roll Call

Mr. Harrington, Chair, called the meeting to order at 11:09. Mr. Scott MacDonald was excused; all others present.

2. Introduction of New Chief Investment Officer

Treasurer Cisneros introduced Mr. Newlin Rankin, the newly hired Chief Investment Officer, who replaced Mr. Dan Daly. Mr. Rankin briefly described his professional background and expressed his excitement with his new position.

3. Discussion and Possible Action to Approve Minutes

The minutes of September 28, 2007 were unanimously approved.

4. Review of the Treasurer's Recent Investment Performance

Mr. Rankin discussed the City and County of San Francisco's portfolio statistics. He indicated that the average age of the Pooled fund is 97 days, with an earned income yield of 5.109% and net earnings of $84,256,206. He stated that the Earned Income Yield for the month of December was 4.886%.

He discussed the City's asset allocation, portfolio assets, and recent strategic actions. He also provided the Committee with a brief summary of the current national economic conditions. He noted that the City's portfolio is consistently growing.

Brief discussion ensued regarding the City's investment performance and strategies. Mr. Grazioli requested that, in addition to the material provided, Mr. Rankin provide the Committee with investment projections and interest income information at subsequent meetings. In addition, they would like to see investment performance comparisons with peer jurisdictions. Mr. Rankin indicated that he would be happy to do so. Ms. Pauline Marx stated that it is difficult to make a comparison with peer jurisdictions due to differences in cash flow characteristics, participants, and investment policies.

Ms. Pauline Marx stated that there is no investment policy discussion at this meeting, but that changes to the policy will be on the agenda in upcoming meetings.

5. General Public Comment

No Public Comment.
Mr. Philip Day noted that this will be his last meeting as he has accepted a position on the East Coast and will be leaving San Francisco prior to the next meeting. The Committee expressed their gratitude for his service and contribution to the City, and wished him well.

Adjournment

The meeting was adjourned at 12:15 p.m.

CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ben Rosenfield
Controller

Monique Zmuda
Deputy Controller

The regularly scheduled meeting of the Treasury Oversight Committee:

April 25, 2008
10:00 am

has been cancelled.

The next regularly scheduled meeting will take place:

Friday, July 18, 2008
10:00 am
City Hall, Room 316

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DRAFT

AGENDA
Treasury Oversight Committee
August 4, 2008, 10:00 a.m.
Room 316, 3rd Floor, City Hall

Committee Members
Joe Grazioli
Dr. Don Griffin
Ben Rosenfield
Todd Rydstrom
Richard Sullivan

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1) **Call to Order and Roll Call**

2) **Introduction of new members**

3) **Discussion and Possible Action to Approve Minutes**
Discussion and possible action relating to the approval of the minutes of January 18, 2008

4) **Selection of new Committee Chairperson**

5) **Review of the Treasurer's Recent Investment Performance**
Review Treasures recent Investment Portfolio Performance

6) **General Public Comment**
An opportunity for members of the public to comment generally on matters within the Committee's purview

7) **Adjournment**

Committee staff and members can be reached at 415-554-7500.

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Posted: 07/30/2008

DRAFT

TREASURY OVERSIGHT COMMITTEE MINUTES
Friday, October 17, 2008, 10 a.m.
Room 316, City Hall

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1. Call to Order and Roll Call

Mr. Rosenfield, Controller, called the meeting to order at 10:08. All committee members were present.

2. Election of new Committee Chairperson

Mr. Rosenfield was elected as Chairman by the Committee.

3. Discussion and Action to Approve Minutes

The minutes of January 18, 2008 were unanimously approved.

4. Financial Market Update

Mr. Newlin Rankin, Chief Investment Officer, reviewed recent activity in the market, clarified key terms and financial policies. The Committee discussed how the current financial market events are affecting the CCSF portfolio.

Mr. Rankin reviewed current assets owned by the portfolio, assets by security type, pool participants and the runoff of maturities.

5. Review of the Treasurer's Recent Investment Performance

Regarding safety, Mr. Rankin reported that recent events in the financial markets have strengthened our non-Treasury positions. These include the purchase by the US Government of 79.9% of Fannie Mae (1%), Freddie Mac (15%) and AIG and its subsidiary International Lease Finance (6%). All of the Commercial Paper purchased by CCSF is rated at A-1/P-1 at this time, and all other bond types are rated AAA/Aaa.

In terms of liquidity, Mr. Rankin reported that since CCSF does not generally sell bonds before their maturity date, this is a minor issue. Lack of liquidity makes some sectors more attractive, as borrowers have to offer higher yields and others need to raise cash.

Mr. Rankin said US Treasury rates are very low, but other sectors, such as US Agencies offer attractive relative yield. Twenty-five percent of the portfolio is invested in Agency Floaters whose coupons are tied to LIBOR rates. These bonds currently pay a coupon of 4.2 – 4.5%, a very good yield, considering that the 5-year Treasury Note pays only 2.80%.

No Public Comment

6. Annual Review of Investment Policy

Mr. David Augustine provided the Committee with an update of the City and County of San Francisco's Investment Policy, dated October 2008, for their review. In summary, the differences between the September 2007 and October 2008 Investment Policies are that the CP maturity was extended to 270 days, maturity constraints on Agency debt were eased, we expanded the definition of acceptable collateral in the Public Demand Deposit market, we can now invest in LAIF, and now enjoy greater access to the Municipal bond market.

Specifically, the maturity limit for Commercial Paper was extended from 180 to 270 days, and a new 25% maximum portfolio weight limit was imposed.

A constraint setting the Weighted Average Maturity (WAM) of Fannie Mae and Freddie Mac bonds to 270 days if Agency bonds exceeded 30% of the portfolio was lifted. The portfolio retains the maximum Agency exposure constraint of 60%.
As always, no maturity of any bond may exceed 5 years.

The 270 day WAM constraint was maintained for the following Agencies with the addition of specific maximum portfolio weight limits.

Agency	Max % of Portfolio
Federal Home Loan Bank	30
Federal Farm Credit Bank	30
Federal Agricultural Mortgage Association	10
Resolution Trust Funding Corporation	5
Tennessee Valley Authority	10

Because the FDIC limit on deposits was raised from $100,000 per account to $250,000, the Policy now states that deposits "will be insured...up to the current deposit insurance limit."

Acceptable collateral of Public Demand Deposits (aka "Collateralized CD's") remain in compliance with 53651(a) - (i), with Mortgage Backed collateral now an acceptable security.

Under this section, the text "Eligible Mortgage Collateral, per California Government Code Section 53651 (m) that is equal to or exceeds 150% of the daily ledger balance." was deleted.

A new section 7.15 was added, stating "Investments in LAIF, a California state investment fund available to California municipalities, are authorized.

Section 7.14 "Investments in State and Local Agencies: added the following language: "Appropriate investments also include bonds of any of the 50 United States, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a state department, board, agency, or local authority. These instruments may comprise 20% or less of the portfolio at the time of purchase."

The Committee reviewed the Policy and suggested several modifications.

Mr. Rydstrom moved that the updated October 2008 City and County of San Francisco's Investment Policy be adopted with the modifications discussed included. Mr. Sullivan seconded. The motion passed unanimously.

No Public Comment

7. Discussion of Annual Audit

Mr. Jose Cisneros, Treasurer, noted that a responsibility of the Treasury Oversight Committee, per Investment Policy Section 14.o, is to "Cause an annual audit to be conducted to determine the Treasurer's compliance with California Government Code Article 6, including Sections 27130 – 27137 and City Administrative Code Sections 10.80.1…" The audit process was discussed.

Mr. Rydstrom moved that the annual audit be conducted. Mr. Graziola seconded. The motion passed unanimously.

8. General Public Comment

No Public Comment

9. Adjournment

The meeting adjourned at 11:35 a.m.